

meeting

**AUDIT COMMITTEE**

date

**12 SEPTEMBER 2011**

agenda item number

## **REPORT OF THE SERVICE DIRECTOR (FINANCE)**

### **AUDIT COMMISSION: THE FUTURE OF LOCAL AUDIT - UPDATE**

#### **Purpose of the Report**

1. To inform Members of recent developments in the arrangements for appointing External Auditors for the Authority.

#### **Information and advice**

2. A report to the Audit Committee on 17<sup>th</sup> May 2011 outlined a Government consultation on the Future of Local Public Audit. The consultation considered freeing up local public bodies to appoint their own external auditors. The consultation asked for responses by the 30<sup>th</sup> June 2011. A copy of the response from this Authority, agreed by the Chair and Vice-Chair of the Audit Committee, is attached as Appendix A.
3. The Department for Communities and Local Government (DCLG) has recently confirmed that the audit work carried out by the Audit Commission's in-house audit practice will be outsourced using a central procurement exercise. A copy of the details provided is attached as Appendix B.
4. The key features of the procurement exercise, to be carried out by the Audit Commission, are set out below:
  - \* New contracts will be awarded for three or five years
  - \* Contracts will commence for the audit of the accounts for 2012/13.
  - \* A Contract Notice will be placed in the Official Journal of the European Union in September 2011.
  - \* The Audit Commission will award contracts in spring 2012 to allow new auditor appointments to be in place by 1<sup>st</sup> September 2012.
5. Our current auditors, from the in-house audit practice of the Audit Commission, will audit the 2011/12 accounts. It is proposed, subject to

formal consultation, that they will also act as interim auditors to cover the period from 1<sup>st</sup> April 2012 to 31<sup>st</sup> August 2012, to deal with any issues that may arise during that period. Any costs arising from the work of the interim auditors will be picked up by the Audit Commission.

### **Statutory and Policy Implications**

6. This report has been compiled after consideration of implications in respect of finance, equal opportunities, personnel, crime and disorder, human rights and those using the relevant service. Where such implications are material, they have been described in the text of the report.

### **Recommendation**

7. That Members note and comment upon the proposed changes for the appointment of External Auditors for the 2012/13 accounts.

**PAUL SIMPSON**  
**SERVICE DIRECTOR (FINANCE)**

### **Legal Services Comments**

The proposals in this report are within the remit of the Audit Committee (KK 11<sup>th</sup> August 2011)

### **Financial Comments of the Service Director (Finance)**

It is anticipated that the costs of the audit will reduce when the work is subject to competition. (JMB 9<sup>th</sup> August 2011)

**Background papers available for inspection - nil**